

IIA-CIA-Part3 Dumps

Certified Internal Auditor - Part 3, Business Analysis and Information Technology

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NEW QUESTION 1

- (Exam Topic 1)

Which of the following conflict resolution methods should be applied when the intention of the parties is to solve the problem by clarifying differences and attaining everyone's objectives?

- A. Accommodating.
- B. Compromising.
- C. Collaborating.
- D. Competing.

Answer: C

NEW QUESTION 2

- (Exam Topic 1)

Which of the following application-based controls is an example of a programmed edit check?

- A. Reasonableness check.
- B. Transaction log.
- C. Input error correction.
- D. Authorization for access.

Answer: A

NEW QUESTION 3

- (Exam Topic 1)

Which of the following is a product-oriented definition of a business rather than a market-oriented definition of a business?

- A. We are a people-and-goods mover.
- B. We supply energy.
- C. We make movies.
- D. We provide climate control in the home.

Answer: C

NEW QUESTION 4

- (Exam Topic 1)

Which of the following does not provide operational assurance that a computer system is operating properly?

- A. Performing a system audit.
- B. Making system changes.
- C. Testing policy compliance.
- D. Conducting system monitoring.

Answer: B

NEW QUESTION 5

- (Exam Topic 1)

When initiating international ventures, an organization should consider cultural dimensions in order to prevent misunderstandings. Which of the following does not represent a recognized cultural dimension in a work environment?

- A. Self control.
- B. Power distance.
- C. Masculinity versus femininity.
- D. Uncertainty avoidance.

Answer: A

NEW QUESTION 6

- (Exam Topic 1)

Which of the following factors is considered a disadvantage of vertical integration?

- A. It may reduce the flexibility to change partners.
- B. It may not reduce the bargaining power of suppliers.
- C. It may limit the organization's ability to differentiate the product.
- D. It may lead to limited control of proprietary knowledge.

Answer: A

NEW QUESTION 7

- (Exam Topic 1)

What are the objectives of governance as defined by the Standards?

- A. Inform, direct, manage, and monitor.
- B. Identify, assess, manage, and control.
- C. Organize, assign, authorize, and implement.

D. Add value, improve, assure, and conform.

Answer: A

NEW QUESTION 8

- (Exam Topic 1)

An internal auditor is reviewing physical and environmental controls for an IT organization. Which control activity should not be part of this review?

- A. Develop and test the organization's disaster recovery plan.
- B. Install and test fire detection and suppression equipment.
- C. Restrict access to tangible IT resources.
- D. Ensure that at least one developer has access to both systems and operations.

Answer: D

NEW QUESTION 9

- (Exam Topic 1)

An internal auditor discovered that several unauthorized modifications were made to the production version of an organization's accounting application. Which of the following best describes this deficiency?

- A. Production controls weakness.
- B. Application controls weakness.
- C. Authorization controls weakness.
- D. Change controls weakness.

Answer: D

NEW QUESTION 10

- (Exam Topic 1)

A key advantage of developing a computer application by using the prototyping approach is that it:

- A. Does not require testing for user acceptance.
- B. Allows applications to be portable across multiple system platforms.
- C. Is less expensive since it is self-documenting.
- D. Better involves users in the design process.

Answer: D

NEW QUESTION 10

- (Exam Topic 1)

Listening effectiveness is best increased by:

- A. Resisting both internal and external distractions.
- B. Waiting to review key concepts until the speaker has finished talking.
- C. Tuning out messages that do not seem to fit the meeting purpose.
- D. Factoring in biases in order to evaluate the information being given.

Answer: A

NEW QUESTION 11

- (Exam Topic 1)

For an engineering department with a total quality management program, important elements of quality management include all of the following except:

- A. Basing performance evaluations on the number of projects completed.
- B. Comparing results with those of other engineering departments.
- C. Creating a quality council within the engineering department.
- D. Conducting post-project surveys on performance.

Answer: A

NEW QUESTION 15

- (Exam Topic 1)

Which of the following standards would be most useful in evaluating the performance of a customer-service group?

- A. The average time per customer inquiry should be kept to a minimum.
- B. Customer complaints should be processed promptly.
- C. Employees should maintain a positive attitude when dealing with customers.
- D. All customer inquiries should be answered within seven days of receipt.

Answer: D

NEW QUESTION 18

- (Exam Topic 1)

Which of the following is a key characteristic of a zero-based budget?

- A. A zero-based budget provides estimates of costs that would be incurred under different levels of activity.
- B. A zero-based budget maintains focus on the budgeting process.
- C. A zero-based budget is prepared each year and requires each item of expenditure to be justified.
- D. A zero-based budget uses input from lower-level and middle-level managers to formulate budget plans.

Answer: C

NEW QUESTION 22

- (Exam Topic 1)

According to IIA guidance, which of the following corporate social responsibility (CSR) activities is appropriate for the internal audit activity to perform?

- A. Determine the optimal amount of resources for the organization to invest in CSR.
- B. Align CSR program objectives with the organization's strategic plan.
- C. Integrate CSR activities into the organization's decision-making process.
- D. Determine whether the organization has an appropriate policy governing its CSR activities.

Answer: D

NEW QUESTION 25

- (Exam Topic 1)

Which of the following would best prevent unauthorized external changes to an organization's data?

- A. Antivirus software, firewall, data encryption.
- B. Firewall, data encryption, backup procedures.
- C. Antivirus software, firewall, backup procedures.
- D. Antivirus software, data encryption, change logs.

Answer: A

NEW QUESTION 27

- (Exam Topic 1)

Which of the following should an organization consider when developing strategic objectives for its business processes?

- * 1. Contribution to the success of the organization.
- * 2. Reliability of operational information.
- * 3. Behaviors and actions expected of employees.
- * 4. How inputs combine with outputs to generate activities.

- A. 1 and 2 only
- B. 1 and 3 only
- C. 2 and 4 only
- D. 3 and 4 only

Answer: B

NEW QUESTION 30

- (Exam Topic 1)

The economic order quantity can be calculated using the following formula:

$$Q = \sqrt{\frac{2Dp}{s}}$$

Q = Order size in units
 D = Annual demand in units
 p = Cost per purchase order
 s = Carrying cost per year for one unit of inventory

Which of the following describes how the optimal order size will change if the annual demand increases by 36 percent?

- A. Decrease by about 17 percent.
- B. Decrease by about 7 percent.
- C. Increase by about 7 percent.
- D. Increase by about 17 percent.

Answer: D

NEW QUESTION 34

- (Exam Topic 1)

When assessing the adequacy of a risk mitigation strategy, an internal auditor should consider which of the following?

- * 1. Management's tolerance for specific risks.
- * 2. The cost versus benefit of implementing a control.
- * 3. Whether a control can mitigate multiple risks.

* 4. The ability to test the effectiveness of the control.

- A. 1, 2, and 3
- B. 1, 2, and 4
- C. 1, 3, and 4
- D. 2, 3, and 4

Answer: C

NEW QUESTION 35

- (Exam Topic 1)

An organization engages in questionable financial reporting practices due to pressure to meet unrealistic performance targets. Which internal control component is most negatively affected?

- A. Monitoring.
- B. Control activities.
- C. Risk assessment.
- D. Control environment.

Answer: D

NEW QUESTION 40

- (Exam Topic 1)

Which of the following is not a potential area of concern when an internal auditor places reliance on spreadsheets developed by users?

- A. Increasing complexity over time.
- B. Interface with corporate systems.
- C. Ability to meet user needs.
- D. Hidden data columns or worksheets.

Answer: C

NEW QUESTION 41

- (Exam Topic 1)

An organization needs to borrow a large amount of cash to fund its expansion plan. Which of the following annual interest rates is least expensive?

- A. 7 percent simple interest with a 10 percent compensating balance.
- B. 7 percent simple interest paid at the end of each year.
- C. 7 percent discount interest.
- D. 7 percent compounding interest.

Answer: B

NEW QUESTION 42

- (Exam Topic 1)

Which of the following techniques is the most relevant when an internal auditor conducts a valuation of an organization's physical assets?

- A. Observation.
- B. Inspection.
- C. Original cost.
- D. Vouching.

Answer: B

NEW QUESTION 44

- (Exam Topic 1)

Which of the following application software features is the least effective control to protect passwords?

- A. Suspension of user IDs after a user's repeated attempts to sign on with an invalid password.
- B. Encryption of passwords prior to their transmission or storage.
- C. Forced change of passwords after a designated number of days.
- D. Automatic logoff of inactive users after a specified time period of inactivity.

Answer: C

NEW QUESTION 48

- (Exam Topic 1)

Which of the following statements accurately describes one of the characteristics that distinguishes a multinational company from a domestic company?

- A. A multinational company has stockholders in other countries.
- B. A multinational company exports its products to other countries.
- C. A multinational company operates outside of its country of origin.
- D. A multinational company uses raw materials and components from more than one country.

Answer: C

NEW QUESTION 50

- (Exam Topic 1)

If legal or regulatory standards prohibit conformance with certain parts of The IIA's Standards, the auditor should do which of the following?

- A. Conform with all other parts of The IIA's Standards and provide appropriate disclosures.
- B. Conform with all other parts of The IIA's Standards; there is no need to provide appropriate disclosures.
- C. Continue the engagement without conforming with the other parts of The IIA's Standards.
- D. Withdraw from the engagement.

Answer: A

NEW QUESTION 52

- (Exam Topic 1)

Which of the following are typical audit considerations for a review of authentication?

- * 1. Authentication policies and evaluation of controls transactions.
- * 2. Management of passwords, independent reconciliation, and audit trail.
- * 3. Control self-assessment tools used by management.
- * 4. Independent verification of data integrity and accuracy.

- A. 1, 2, and 3
- B. 1, 2, and 4
- C. 1, 3, and 4
- D. 2, 3, and 4

Answer: A

NEW QUESTION 53

- (Exam Topic 1)

Under a value-added taxing system:

- A. Businesses must pay a tax only if they make a profit.
- B. The consumer ultimately bears the cost of the tax through higher prices.
- C. Consumer savings are discouraged.
- D. The amount of value added is the difference between an organization's sales and its cost of goods sold.

Answer: B

NEW QUESTION 57

- (Exam Topic 1)

An organization uses a database management system (DBMS) as a repository for data. The DBMS, in turn, supports a number of end-user developed applications which were created using fourth-generation programming languages. Some of the applications update the database. Which of the following is the most important control related to the integrity of the data in the database?

- A. End users have their read-only applications approved by the information systems department before accessing the database.
- B. Concurrency update controls are in place.
- C. End-user applications are developed on personal computers before being implemented on the mainframe.
- D. A hierarchical database model is adopted so that multiple users can be served at the same time.

Answer: B

NEW QUESTION 62

- (Exam Topic 1)

In an organization where enterprise risk management practices are mature, which of the following is a core internal audit role?

- A. Giving assurance that risks are evaluated correctly.
- B. Developing the risk management strategy for the board's approval.
- C. Facilitating the identification and evaluation of risks.
- D. Coaching management in responding to risk.

Answer: A

NEW QUESTION 67

- (Exam Topic 1)

Unsecured loans are loans:

- A. That do not have to be repaid for over one year.
- B. That appear to be too risky for most lenders to consider.
- C. Granted on the basis of a company's credit standing.
- D. Backed by mortgaged assets.

Answer: C

NEW QUESTION 72

- (Exam Topic 1)

Which of the following actions is most likely to gain support for process change?

- A. Set clear objectives.

- B. Engage the various communities of practice within the organization.
- C. Demonstrate support from senior management.
- D. Establish key competencies.

Answer: B

NEW QUESTION 77

- (Exam Topic 1)

Preferred stock is less risky for investors than is common stock because:

- A. Common stock pays dividends as a stated percentage of face value.
- B. Common stock has priority over preferred stock with regard to earnings and assets.
- C. Preferred dividends are usually cumulative.
- D. Preferred stock with no conversion feature has a higher dividend yield than does convertible preferred stock.

Answer: C

NEW QUESTION 82

- (Exam Topic 1)

Which of the following is not a method for implementing a new application system?

- A. Direct cutover.
- B. Parallel.
- C. Pilot.
- D. Test.

Answer: D

NEW QUESTION 85

- (Exam Topic 1)

Which of the following corporate social responsibility strategies is likely to be most effective in minimizing confrontations with influential activists and lobbyists?

- A. Continually evaluate the needs and opinions of all stakeholder groups.
- B. Ensure strict compliance with applicable laws and regulations to avoid incidents.
- C. Maintain a comprehensive publicity campaign that highlights the organization's efforts.
- D. Increase goodwill through philanthropic activities among stakeholder communities.

Answer: A

NEW QUESTION 86

- (Exam Topic 1)

Refer to the exhibit.

	Company A	Company B
Cash	\$100	\$200
Accounts receivable	unknown	\$100
Accounts payable	\$100	\$50
Long-term debt	\$200	\$50
Sales	\$600	\$5,800
Cost of goods sold	\$300	\$5,000
Administrative expenses	\$100	\$500
Depreciation expense	\$100	\$100
Interest expense	\$20	\$10

Presented below are partial year-end financial statement data (000 omitted from dollar amounts) for companies A and B:
If company A has a quick ratio of 2:1, then it has an accounts receivable balance of:

- A. \$100
- B. \$200
- C. \$300
- D. \$500

Answer: A

NEW QUESTION 89

- (Exam Topic 1)

Which of the following must be adjusted to index a progressive tax system to inflation?

- A. Tax deductions, exemptions, and tax filings.
- B. Tax deductions, exemptions, and tax brackets.
- C. Tax brackets, tax deductions, and tax payments.
- D. Tax brackets, exemptions, and nominal tax receipts.

Answer: B

NEW QUESTION 91

- (Exam Topic 1)

Which of the following is an example of a risk avoidance response?

- A. Buying an insurance policy to protect against loss events.
- B. Hedging against natural gas price fluctuations.
- C. Selling a non-strategic business unit.
- D. Outsourcing a high risk process to a third party.

Answer: C

NEW QUESTION 92

- (Exam Topic 1)

Which of the following statements regarding program change management is not correct?

- A. The goal of the change management process is to sustain and improve organizational operations.
- B. The degree of risk associated with a proposed change determines if the change request requires authorization.
- C. In order to protect the production environment, changes must be managed in a repeatable, defined, and predictable manner.
- D. All changes should be tested in a non-production environment before migrating to the production environment.

Answer: B

NEW QUESTION 96

- (Exam Topic 1)

Which of the following is always true regarding the use of encryption algorithms based on public key infrastructure (PKI)?

- A. PKI uses an independent administrator to manage the public key.
- B. The public key is authenticated against reliable third-party identification.
- C. PKI's public accessibility allows it to be used readily for e-commerce.
- D. The private key uniquely authenticates each party to a transaction.

Answer: D

NEW QUESTION 99

- (Exam Topic 1)

Which of the following are appropriate reasons for internal auditors to document processes as part of an audit engagement?

- * 1. To determine areas of primary concern.
- * 2. To establish a standard format for process mapping.
- * 3. To define areas of responsibility within the organization.
- * 4. To assess the performance of employees.

- A. 1 and 2 only
- B. 1 and 3 only
- C. 2 and 3 only
- D. 2 and 4 only

Answer: B

NEW QUESTION 100

- (Exam Topic 1)

Which of the following describes the result if an organization records merchandise as a purchase, but fails to include it in the closing inventory count?

- A. The cost of goods sold for the period will be understated.
- B. The cost of goods sold for the period will be overstated.
- C. The net income for the period will be understated.
- D. There will be no effect on the cost of goods sold or the net income for the period.

Answer: B

NEW QUESTION 104

- (Exam Topic 1)

Which of the following methods, if used in conjunction with electronic data interchange (EDI), will improve the organization's cash management program, reduce transaction data input time and errors, and allow the organization to negotiate discounts with EDI vendors based on prompt payment?

- A. Electronic funds transfer.
- B. Knowledge-based systems.
- C. Biometrics.
- D. Standardized graphical user interface.

Answer: A

NEW QUESTION 105

- (Exam Topic 1)

During the last year, an organization had an opening inventory of \$300,000, purchases of \$980,000, sales of \$1,850,000, and a gross margin of 40 percent. What is the closing inventory if the periodic inventory system is used?

- A. \$170,000
- B. \$280,000
- C. \$300,000
- D. \$540,000

Answer: A

NEW QUESTION 108

- (Exam Topic 1)

Which of the following are included in ISO 31000 risk principles and guidelines?

- A. Standards, framework, and process.
- B. Standards, assessments, and process.
- C. Principles, framework, and process.
- D. Principles, practices, and process.

Answer: C

NEW QUESTION 109

- (Exam Topic 1)

Which of the following techniques would be least effective in resolving the conflict created by an internal audit client's perception of the audit report as a personal attack on his management performance?

- A. The auditor should focus on the audit client as a person and understand him, rather than just concentrating on the problem.
- B. The auditor should make recommendations based on objective criteria, rather than based on a subjective assessment.
- C. The auditor should explore alternative solutions to address the audit problem, so the audit client has options.
- D. The auditor should take a flexible position on the recommendations and focus on resolving the issue by addressing the interests of the people concerned.

Answer: A

NEW QUESTION 110

- (Exam Topic 1)

A capital investment project will have a higher net present value, everything else being equal, if it has:

- A. A higher initial investment level.
- B. A higher discount rate.
- C. Cash inflows that are larger in the later years of the life of the project.
- D. Cash inflows that are larger in the earlier years of the life of the project.

Answer: D

NEW QUESTION 111

- (Exam Topic 1)

Which of the following price adjustment strategies encourages prompt payment?

- A. Cash discounts.
- B. Quantity discounts.
- C. Functional discounts.
- D. Seasonal discounts.

Answer: A

NEW QUESTION 112

- (Exam Topic 1)

At what point during the systems development process should an internal auditor verify that the new application's connectivity to the organization's other systems has been established correctly?

- A. Prior to testing the new application.
- B. During testing of the new application.
- C. During implementation of the new application.
- D. During maintenance of the new application.

Answer: A

NEW QUESTION 113

- (Exam Topic 1)

Which of the following descriptions of the internal control system are indicators that risks are managed effectively?

- * 1. Existing controls promote compliance with applicable laws and regulations.
- * 2. The control environment is designed to address all identified risks to the organization.
- * 3. Key controls for significant risks to the organization remain consistent over time.
- * 4. Monitoring systems are in place to alert management to unexpected events.

- A. 1 and 3.
- B. 1 and 4.

- C. 2 and 3.
- D. 2 and 4.

Answer: B

NEW QUESTION 118

- (Exam Topic 1)

According to Porter, which of the following is associated with fragmented industries?

- A. Weak entrance barriers.
- B. Significant scale economies.
- C. Steep experience curve.
- D. Strong negotiation power with suppliers.

Answer: A

NEW QUESTION 120

- (Exam Topic 1)

Which of the following is a characteristic of an emerging industry?

- A. Established strategy of players.
- B. Low number of new firms.
- C. High unit costs.
- D. Technical expertise.

Answer: C

NEW QUESTION 122

- (Exam Topic 1)

Which of the following is the primary benefit of including end users in the system development process?

- A. Improved integrity of programs and processing.
- B. Enhanced ongoing maintenance of the system.
- C. Greater accuracy of the testing phase.
- D. Reduced need for unexpected software changes.

Answer: C

NEW QUESTION 127

- (Exam Topic 1)

When developing an effective risk-based plan to determine audit priorities, an internal audit activity should start by:

- A. Identifying risks to the organization's operations.
- B. Observing and analyzing controls.
- C. Prioritizing known risks.
- D. Reviewing organizational objectives.

Answer: D

NEW QUESTION 130

- (Exam Topic 1)

Which of the following strategies is most appropriate for an industry that is in decline?

- A. Invest in marketing.
- B. Invest in research and development.
- C. Control costs.
- D. Shift toward mass production.

Answer: C

NEW QUESTION 133

- (Exam Topic 1)

Which of the following roles would be least appropriate for the internal audit activity to undertake with regard to an organization's corporate social responsibility (CSR) program?

- A. Consult on project design and implementation of the CSR program.
- B. Serve as an advisor on internal controls related to CSR.
- C. Identify and prioritize the CSR issues that are important to the organization.
- D. Evaluate the effectiveness of the organization's CSR efforts.

Answer: C

NEW QUESTION 137

- (Exam Topic 1)

Which of the following statements pertaining to a market skimming pricing strategy is not true?

- A. The strategy is favored when unit costs fall with the increase in units produced.
- B. The strategy is favored when buyers are relatively insensitive to price increases.
- C. The strategy is favored when there is insufficient market capacity and competitors cannot increase market capacity.
- D. The strategy is favored when high price is perceived as high quality.

Answer: A

NEW QUESTION 140

- (Exam Topic 1)

Which of the following statements about matrix organizations is false?

- A. In a matrix organization, conflict between functional and product managers may arise.
- B. In a matrix organization, staff under dual command is more likely to suffer stress at work.
- C. Matrix organizations offer the advantage of greater flexibility.
- D. Matrix organizations minimize costs and simplify communication.

Answer: D

NEW QUESTION 145

- (Exam Topic 1)

Which of the following best describes a market signal?

- A. The bargaining power of buyers is forcing a drop in market prices.
- B. There is pressure from the competitor's substitute products.
- C. Strategic analysis by the organization indicates feasibility of expanding to new market niches.
- D. The competitor announces a new warranty program.

Answer: D

NEW QUESTION 150

- (Exam Topic 1)

Which of the following stages of group development is associated with accepting team responsibilities?

- A. Forming stage.
- B. Performing stage.
- C. Norming stage.
- D. Storming stage.

Answer: C

NEW QUESTION 155

- (Exam Topic 1)

Which of the following is a role of the board of directors in the governance process?

- A. Conduct periodic assessments of the organization's governance systems.
- B. Obtain assurance concerning the effectiveness of the organization's governance systems.
- C. Implement an effective system of internal controls to support the organization's governance systems.
- D. Review and approve operational goals and objectives.

Answer: B

NEW QUESTION 157

- (Exam Topic 1)

When an organization is choosing a new external auditor, which of the following is the most appropriate role for the chief audit executive to undertake?

- A. Review and acquire the external audit service.
- B. Assess the appraisal and actuarial services.
- C. Determine the selection criteria.
- D. Identify regulatory requirements to be considered.

Answer: D

NEW QUESTION 161

- (Exam Topic 1)

Which of the following is not a common feature of cumulative preferred stock?

- A. Priority over common stock with regard to dilution of shares.
- B. Priority over common stock with regard to earnings.
- C. Priority over common stock with regard to dividend payment.
- D. Priority over common stock with regard to assets.

Answer: A

NEW QUESTION 163

- (Exam Topic 1)

An internationally recognized brand name is an entrance barrier to new competitors because new competitors would:

- A. Have to initiate a price war in order to enter the industry.
- B. Face increased production costs.
- C. Face increased marketing costs.
- D. Face higher learning costs, which would increase fixed costs.

Answer: C

NEW QUESTION 165

- (Exam Topic 1)

Which of the following is a type of network in which an organization permits specific users (such as existing customers) to have access to its internal network through the Internet by building a virtual private network?

- A. Intranet.
- B. Extranet.
- C. Digital subscriber line.
- D. Broadband.

Answer: B

NEW QUESTION 168

- (Exam Topic 1)

Which of the following statements regarding organizational governance is not correct?

- A. An effective internal audit function is one of the four cornerstones of good governance.
- B. Those performing governance activities are accountable to the customer.
- C. Accountability is one of the key elements of organizational governance.
- D. Governance principles and the need for an internal audit function are applicable to governmental and not-for-profit activities.

Answer: B

NEW QUESTION 169

- (Exam Topic 1)

Which of the following statements accurately describes the responsibility of the internal audit activity (IAA) regarding IT governance?

- * 1. The IAA does not have any responsibility because IT governance is the responsibility of the board and senior management of the organization.
- * 2. The IAA must assess whether the IT governance of the organization supports the organization's strategies and objectives.
- * 3. The IAA may assess whether the IT governance of the organization supports the organization's strategies and objectives.
- * 4. The IAA may accept requests from management to perform advisory services regarding how the IT governance of the organization supports the organization's strategies and objectives.

- A. 1 only
- B. 4 only
- C. 2 and 4
- D. 3 and 4

Answer: C

NEW QUESTION 171

- (Exam Topic 1)

Which of the following are likely indicators of ineffective change management?

- * 1. IT management is unable to predict how a change will impact interdependent systems or business processes.
- * 2. There have been significant increases in trouble calls or in support hours logged by programmers.
- * 3. There is a lack of turnover in the systems support and business analyst development groups.
- * 4. Emergency changes that bypass the normal control process frequently are deemed necessary.

- A. 1 and 3 only
- B. 2 and 4 only
- C. 1, 2, and 4 only
- D. 1, 2, 3, and 4

Answer: C

NEW QUESTION 176

- (Exam Topic 1)

The percentage of sales method, rather than the percentage of receivables method, would be used to estimate uncollectible accounts if an organization seeks to:

- A. Use an aging schedule to more closely estimate uncollectible accounts.
- B. Eliminate the need for an allowance for doubtful accounts.
- C. Emphasize the accuracy of the net realizable value of the receivables on the balance sheet.
- D. Use a method that approximates the matching principle.

Answer: D

NEW QUESTION 181

- (Exam Topic 1)

The decision to implement enhanced failure detection and back-up systems to improve data integrity is an example of which risk response?

- A. Risk acceptance.
- B. Risk sharing.
- C. Risk avoidance.
- D. Risk reduction.

Answer: D

NEW QUESTION 182

- (Exam Topic 1)

Maintenance cost at a hospital was observed to increase as activity level increased. The following data was gathered:

Activity Level - Maintenance Cost Month

Patient Days Incurred January 5,600

\$7,900

February 7,100

\$8,500

March 5,000

\$7,400

April 6,500

\$8,200

May 7,300

\$9,100

June 8,000

\$9,800

If the cost of maintenance is expressed in an equation, what is the independent variable for this data?

- A. Fixed cost.
- B. Variable cost.
- C. Total maintenance cost.
- D. Patient days.

Answer: D

NEW QUESTION 187

- (Exam Topic 1)

A supervisor receives a complaint from an employee who is frustrated about having to learn a new software program. The supervisor responds that the new software will enable the employee to work more efficiently and with greater accuracy. This response is an example of:

- A. Empathetic listening.
- B. Reframing.
- C. Reflective listening.
- D. Dialogue.

Answer: B

NEW QUESTION 188

- (Exam Topic 1)

The most important reason to use risk assessment in audit planning is to:

- A. Identify redundant controls.
- B. Improve budgeting accuracy.
- C. Enhance assurance provided to management.
- D. Assist in developing audit programs.

Answer: C

NEW QUESTION 193

- (Exam Topic 1)

Which of the following statements is false regarding the internal audit approach when a set of standards other than The IIA's Standards is applicable to a specific engagement?

- A. The internal auditor may cite the use of other standards during audit communications.
- B. If the other standards are government-issued, the internal auditor should apply them in conjunction with The IIA's Standards.
- C. If there are inconsistencies between the other standards and The IIA's Standards, the internal auditor must use the more restrictive standards.
- D. If there are inconsistencies between the other standards and The IIA's Standards, the internal auditor must use the less restrictive standards.

Answer: D

NEW QUESTION 197

- (Exam Topic 1)

One change control function that is required in client/server environments, but is not required in mainframe environments, is to ensure that:

- A. Program versions are synchronized across the network.
- B. Emergency move procedures are documented and followed.
- C. Appropriate users are involved in program change testing.
- D. Movement from the test library to the production library is controlled.

Answer: A

NEW QUESTION 202

- (Exam Topic 1)

Within an enterprise, IT governance relates to the:

- * 1. Alignment between the enterprise's IT long term plan and the organization's objectives.
- * 2. Organizational structures of the company that are designed to ensure that IT supports the organization's strategies and objectives.
- * 3. Operational plans established to support the IT strategies and objectives.
- * 4. Role of the company's leadership in ensuring IT supports the organization's strategies and objectives.

- A. 1 and 2 only
- B. 3 and 4 only
- C. 1, 2, and 4 only
- D. 2, 3, and 4 only

Answer: C

NEW QUESTION 206

- (Exam Topic 1)

According to the International Professional Practices Framework, internal auditors who are assessing the adequacy of organizational risk management processes should not:

- A. Recognize that organizations use different techniques for managing risk.
- B. Seek assurance that the key objectives of the risk management processes are being met.
- C. Determine and accept the level of risk for the organization.
- D. Treat the evaluation of risk management processes differently from the risk analysis used to plan audit engagements.

Answer: C

NEW QUESTION 207

- (Exam Topic 1)

Which of the following budgets must be prepared first?

- A. Cash budget.
- B. Production budget.
- C. Sales budget.
- D. Selling and administrative expenses budget.

Answer: C

NEW QUESTION 212

- (Exam Topic 1)

Which of the following borrowing options is an unsecured loan?

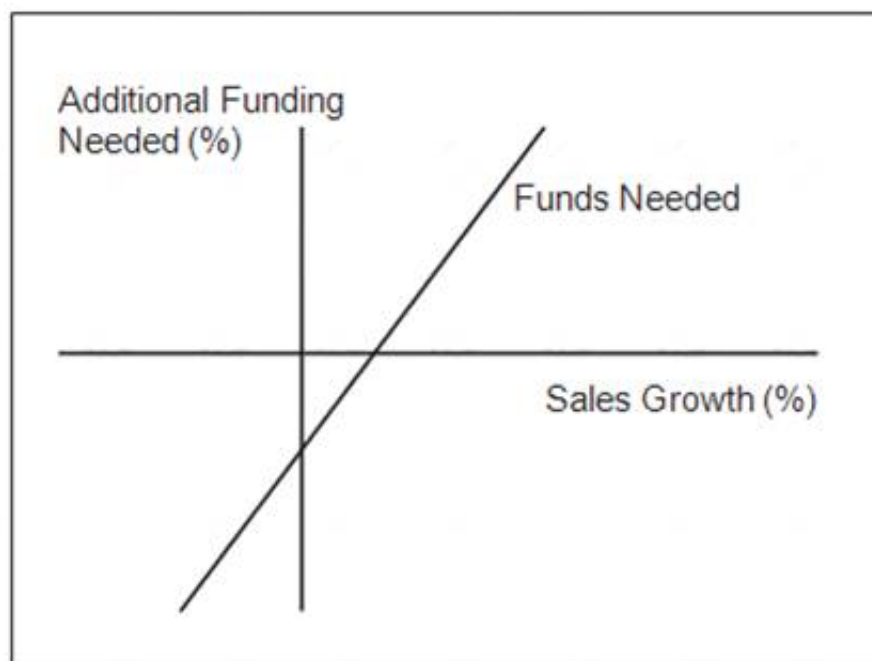
- A. Second-mortgage financing from a bank.
- B. An issue of commercial paper.
- C. Pledged accounts receivable.
- D. Asset-based financing.

Answer: B

NEW QUESTION 213

- (Exam Topic 1)

Refer to the exhibit.



If the profit margin of an organization decreases, and all else remains equal, which of the following describes how the "Funds Needed" line in the graph below will shift?

- A. The "Funds Needed" line will remain pointed upward, but will become less steep.
- B. The "Funds Needed" line will remain pointed upward, but will become more steep.

- C. The "Funds Needed" line will point downward with a minimal slope.
D. The "Funds Needed" line will point downward with an extreme slope.

Answer: B

NEW QUESTION 215

- (Exam Topic 1)

A department purchased one copy of a software program for internal use. The manager of the department installed the program on an office computer and then made two complete copies of the original software.

Copy 1 was solely for backup purposes.

Copy 2 was for use by another member of the department.

In terms of software licenses and copyright law, which of the following is correct?

- A. Both copies are legal.
B. Only copy 1 is legal.
C. Only copy 2 is legal.
D. Neither copy is legal.

Answer: B

NEW QUESTION 216

- (Exam Topic 1)

Which of the following steps should an internal auditor take during an audit of an organization's business continuity plans?

- * 1. Evaluate the business continuity plans for adequacy and currency.
- * 2. Prepare a business impact analysis regarding the loss of critical business.
- * 3. Identify key personnel who will be required to implement the plans.
- * 4. Identify and prioritize the resources required to support critical business processes.

- A. 1 only
B. 2 and 4 only
C. 1, 3, and 4 only
D. 1, 2, 3, and 4

Answer: A

NEW QUESTION 217

- (Exam Topic 1)

The audit committee of a global corporation has mandated a change in the organization's business ethics policy. Which of the following approaches describes the best way to accomplish the policy's diffusion worldwide?

- A. Deploy the policy in the corporate headquarters' language, so everyone gets an unfiltered version simultaneously.
B. Introduce the policy region by region, using any lessons learned to change the subsequent version of the policy for the next area.
C. Consult with legal and operational management in each affected country to ensure the final version can be implemented globally, following audit committee approval.
D. Send the board-approved version of the policy to each country's senior leadership, and empower them to tailor the policy to the local language and culture.

Answer: C

NEW QUESTION 220

- (Exam Topic 1)

According to IIA guidance, which of the following corporate social responsibility (CSR) evaluation activities may be performed by the internal audit activity?

- * 1. Consult on CSR program design and implementation.
- * 2. Serve as an advisor on CSR governance and risk management.
- * 3. Review third parties for contractual compliance with CSR terms.
- * 4. Identify and mitigate risks to help meet the CSR program objectives.

- A. 1, 2, and 3
B. 1, 2, and 4
C. 1, 3, and 4
D. 2, 3, and 4

Answer: A

NEW QUESTION 225

- (Exam Topic 1)

Which of the following phases of a business cycle are marked by an underuse of resources?

- * 1. The trough.
- * 2. The peak.
- * 3. The recovery.
- * 4. The recession.

- A. 1 and 3 only
B. 1 and 4 only
C. 2 and 3 only
D. 2 and 4 only

Answer: B

NEW QUESTION 227

- (Exam Topic 1)

Which of the following purchasing scenarios would gain the greatest benefit from implementing electronic data interchange?

- A. A time-sensitive just-in-time purchase environment.
- B. A large volume of custom purchases.
- C. A variable volume sensitive to material cost.
- D. A currently inefficient purchasing process.

Answer: A

NEW QUESTION 231

- (Exam Topic 1)

Which of the following statements is true regarding the roles and responsibilities associated with a corporate social responsibility (CSR) program?

- A. The board has overall responsibility for the internal control processes associated with the CSR program.
- B. Management has overall responsibility for the effectiveness of governance, risk management, and internal control processes associated with the CSR program.
- C. The internal audit activity is responsible for ensuring that CSR principles are integrated into the organization's policies and procedures.
- D. Every employee has a responsibility for ensuring the success of the organization's CSR objectives.

Answer: D

NEW QUESTION 236

- (Exam Topic 1)

Organizational activities that complement each other and create a competitive advantage are called a:

- A. Merger.
- B. Strategic fit.
- C. Joint venture.
- D. Strategic goal.

Answer: B

NEW QUESTION 238

- (Exam Topic 1)

Which of the following best describes the concept of relevant cost?

- A. A future cost that is the same among alternatives.
- B. A future cost that differs among alternatives.
- C. A past cost that is the same among alternatives.
- D. A past cost that differs among alternatives.

Answer: B

NEW QUESTION 243

- (Exam Topic 1)

Which of the following best describes an objective for an audit of an environmental management system?

- A. To assess whether an annual control review is necessary.
- B. To determine conformance with requirements and agreements.
- C. To evaluate executive management oversight.
- D. To promote environmental awareness.

Answer: B

NEW QUESTION 248

- (Exam Topic 1)

Which of the following statements are true regarding the use of heat maps as risk assessment tools?

- * 1. They focus primarily on known risks, limiting the ability to identify new risks.
- * 2. They rely heavily on objective assessments and related risk tolerances.
- * 3. They are too complex to provide an easily understandable view of key risks.
- * 4. They are helpful but limited in value in a rapidly changing environment.

- A. 1 and 2 only
- B. 1 and 4 only
- C. 2 and 3 only
- D. 3 and 4 only

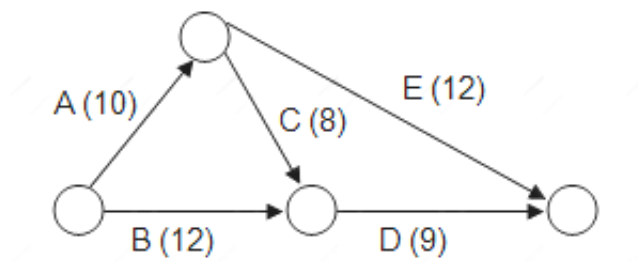
Answer: B

NEW QUESTION 251

- (Exam Topic 1)

Refer to the exhibit.

Project Network (Activity Times in Days)



The figure below shows the network diagram for the activities of a large project. What is the shortest number of days in which the project can be completed?

- A. 21 days.
- B. 22 days.
- C. 27 days.
- D. 51 days.

Answer: C

NEW QUESTION 256

- (Exam Topic 1)

Which of the following strategies would most likely prevent an organization from adjusting to evolving industry market conditions?

- A. Specializing in proven manufacturing techniques that have made the organization profitable in the past.
- B. Substituting its own production technology with advanced techniques used by its competitors.
- C. Forgoing profits over a period of time to gain market share from its competitors.
- D. Using the same branding to sell its products through new sales channels to target new markets.

Answer: A

NEW QUESTION 260

- (Exam Topic 1)

An organization has recorded the following profit and expenses: Profit before interest and tax

\$200,000

Sales

\$2,300,000

Purchases of materials

\$700,000

Interest expenses

\$30,000

If the value-added tax (VAT) rate is 20 percent and the corporate tax rate is 30 percent, which of the following is the amount of VAT that the organization has to pay?

- A. \$34,000
- B. \$51,000
- C. \$60,000
- D. \$320,000

Answer: D

NEW QUESTION 261

- (Exam Topic 1)

According to the Standards, which of the following is based on the assertion that the quality of an organization's risk management process should improve with time?

- A. Process element.
- B. Key principles.
- C. Maturity model.
- D. Assurance.

Answer: C

NEW QUESTION 266

- (Exam Topic 1)

Refer to the exhibit.

Cash	\$100
Accounts receivable	200
Inventory	50
Net fixed assets	600
Total	\$950
Accounts payable	\$140
Long-term debt	300
Capital stock	260
Retained earnings	250
Total	\$950

A company's financial balance sheet is presented below: The company has net working capital of:

- A. \$160
- B. \$210
- C. \$350
- D. \$490

Answer: B

NEW QUESTION 268

- (Exam Topic 1)

An organization's balance sheet indicates that the total asset amount and the total capital stock amount remained unchanged from one year to the next, and no dividends were declared or paid. However, the organization reported a loss of \$200,000. Which of the following describes the most likely year-over-year change to the organization's total liabilities and total stockholder equity?

- A. The total liabilities and total stockholder equity both increased.
- B. The total liabilities and total stockholder equity both decreased.
- C. The total liabilities decreased, and the total stockholder equity increased.
- D. The total liabilities increased, and the total stockholder equity decreased.

Answer: D

NEW QUESTION 270

- (Exam Topic 1)

An internal auditor has been asked to conduct an investigation involving allegations of independent contractor fraud. Which of the following controls would be least effective in detecting any potential fraudulent activity?

- A. Exception report identifying payment anomalies.
- B. Documented policy and procedures.
- C. Periodic account reconciliation of contractor charges.
- D. Monthly management review of all contractor activity.

Answer: B

NEW QUESTION 271

- (Exam Topic 1)

Which of the following statements about COBIT is not true?

- A. COBIT helps management understand and manage the risks associated with information technology (IT) processes.
- B. Management needs to determine the cost-benefit ratio of adopting COBIT control objectives.
- C. COBIT control objectives are specific to various IT platforms and help determine minimum controls.
- D. COBIT provides management with the capability to conduct self-assessments against industry best practices.

Answer: C

NEW QUESTION 275

- (Exam Topic 1)

Which of the following is the best reason for considering the acquisition of a nondomestic organization?

- A. Relatively fast market entry.
- B. Improved cash flow of the acquiring organization.
- C. Increased diversity of corporate culture.
- D. Opportunity to influence local government policy.

Answer: A

NEW QUESTION 278

- (Exam Topic 1)

Which of the following distinguishes the added-value negotiation method from traditional negotiating methods?

- A. Each party's negotiator presents a menu of options to the other party.
- B. Each party adopts one initial position from which to start.
- C. Each negotiator minimizes the information provided to the other party.

D. Each negotiator starts with an offer, which is optimal from the negotiator's perspective.

Answer: A

NEW QUESTION 283

- (Exam Topic 1)

Which of the following is true regarding the COSO enterprise risk management framework?

- A. The framework categorizes an organization's objectives to distinct, non overlapping objectives.
- B. Control environment is one of the framework's eight components.
- C. The framework facilitates effective risk management, even if objectives have not been established.
- D. The framework integrates with, but is not dependent upon, the corresponding internal control framework.

Answer: D

NEW QUESTION 286

- (Exam Topic 1)

Which of the following is a characteristic of just-in-time inventory management systems?

- A. Users determine the optimal level of safety stocks.
- B. They are applicable only to large organizations.
- C. They do not really increase overall economic efficiency because they merely shift inventory levels further up the supply chain.
- D. They rely heavily on high quality materials.

Answer: D

NEW QUESTION 287

- (Exam Topic 1)

Which of the following statements is correct regarding risk analysis?

- A. The extent to which management judgments are required in an area could serve as a risk factor in assisting the auditor in making a comparative risk analysis.
- B. The highest risk assessment should always be assigned to the area with the largest potential loss.
- C. The highest risk assessment should always be assigned to the area with the highest probability of occurrence.
- D. Risk analysis must be reduced to quantitative terms in order to provide meaningful comparisons across an organization.

Answer: A

NEW QUESTION 289

- (Exam Topic 1)

Which audit approach should be employed to test the accuracy of information housed in a database on an un-networked computer?

- A. Submit batches of test transactions through the current system and verify with expected results.
- B. Use a test program to simulate the normal data entering process.
- C. Select a sample of records from the database and ensure it matches supporting documentation.
- D. Evaluate compliance with the organization's change management process.

Answer: C

NEW QUESTION 292

- (Exam Topic 1)

Where complex problems need to be addressed, which of the following communication networks would be most appropriate?

- A. Chain.
- B. All-channel.
- C. Circle.
- D. Wheel.

Answer: B

NEW QUESTION 296

- (Exam Topic 1)

An internal auditor is trying to assess control risk and the effectiveness of an organization's internal controls. Which of the following audit procedures would not provide assurance to the auditor on this matter?

- A. Interviewing the organization's employees.
- B. Observing the organization's operations.
- C. Reading the board's minutes.
- D. Inspecting manuals and documents.

Answer: C

NEW QUESTION 299

- (Exam Topic 1)

According to the Standards, the internal audit activity must evaluate risk exposures relating to which of the following when examining an organization's risk management process?

- * 1. Organizational governance.
- * 2. Organizational operations.
- * 3. Organizational information systems.
- * 4. Organizational structure.

- A. 1 and 3 only
- B. 2 and 4 only
- C. 1, 2, and 3 only
- D. 1, 2, and 4 only

Answer: C

NEW QUESTION 303

- (Exam Topic 1)

Technological uncertainty, subsidy, and spin-offs are usually characteristics of:

- A. Fragmented industries.
- B. Declining industries.
- C. Mature industries.
- D. Emerging industries.

Answer: D

NEW QUESTION 305

- (Exam Topic 1)

Which of the following would not impair the objectivity of internal auditor?

- A. Management assurance on risks.
- B. Implementing risk responses on behalf of management.
- C. Providing assurance that risks assessed are correctly evaluated.
- D. Setting the risk appetite.

Answer: C

NEW QUESTION 307

- (Exam Topic 1)

In terms of international business strategy, which of the following is true regarding a multi-domestic strategy?

- A. It uses the same products in all countries.
- B. It centralizes control with little decision-making authority given to the local level.
- C. It is an effective strategy when large differences exist between countries.
- D. It provides cost advantages, improves coordinated activities, and speeds product development.

Answer: C

NEW QUESTION 310

- (Exam Topic 2)

Which of the following should be included in a company's year-end inventory valuation?

- A. Company goods that were sold during the year free on board shipping point that have been shipped but not yet received by the customer
- B. Goods purchased by the company free on board destination that have not yet been received
- C. Goods on consignment, which the company is trying to sell for its customers
- D. Company goods for sale on consignment at a consignment shop

Answer: A

NEW QUESTION 312

- (Exam Topic 2)

Which of the following statements is true with regard to information protection?

- A. All personal information, by definition is considered to be sensitive, requiring specialized controls.
- B. Information is not considered personal if it can only be linked to or used to identify an individual indirectly.
- C. Individuals who provide personal information to organizations share in the risk of inappropriate disclosure.
- D. Good protection controls remove any restrictions on the quantity of personal information that can be collected

Answer: A

NEW QUESTION 313

- (Exam Topic 2)

Which of the following is an example of an application system control?

- A. Data values fall within a prescribed range.
- B. Error listings are generated and promptly remediated.
- C. Report distribution is restricted to authorized personnel.
- D. Field amounts contain an upper or lower limit.

Answer: A

NEW QUESTION 315

- (Exam Topic 2)

Which of the following statements about mentoring is true?

- * 1. Mentoring can be used effectively for increasing employee retention
- * 2. Mentoring can be used effectively in reducing employees frustration.
- * 3. Mentoring can be used effectively for increasing organization communication.
- * 4. Mentoring can be used effectively as a short term activity consisting of instruction and training

- A. 1 2. and 3 only.
- B. 1. 2 and 4 only
- C. 1, 3. and 4 only.
- D. 1,2. 3, and 4

Answer: A

NEW QUESTION 318

- (Exam Topic 2)

The following transactions and events occurred during the year:

	January 1	December 31
Finished goods	\$90,000	\$260,000
Raw materials	\$105,000	\$130,000
Work in process	\$220,000	\$175,000

- \$300,000 of raw materials were purchased, of which \$20,000 were returned because of defects
- \$600,000 of direct labor costs were incurred.
- \$750,000 of manufacturing overhead costs were incurred. What is the organization's cost of goods sold for the year?

- A. \$1,480,000
- B. \$1 500 000
- C. \$1,610,000
- D. \$1650 000

Answer: B

NEW QUESTION 319

- (Exam Topic 2)

An organization has a total asset turnover of 3.0 times and a total debt-to-total assets ratio of 80 percent. If the organization has total debt of \$1 000 000 what is the organization's sales level?

- A. \$266.667
- B. \$416,667
- C. \$3,750,000
- D. \$5 000,000

Answer: C

NEW QUESTION 322

- (Exam Topic 2)

The head of the research and development department at a manufacturing organization believes that his team lacks expertise in some areas, and he decides to hire more experienced researchers to assist in the development of a new product. Which of the following variances are likely to occur as the result of this decision?

- * 1. Favorable labor efficiency variance.
- * 2. Adverse labor rate variance.
- * 3. Adverse labor efficiency variance.
- * 4. Favorable labor rate variance.

- A. 1 and 2.
- B. 1 and 4.
- C. 3 and 4.
- D. 2 and 3.

Answer: A

NEW QUESTION 323

- (Exam Topic 2)

In the current year, a merchandising organization had an inventory turnover ratio of 3.0, which was less than the industry average of 6.5. Which of the following offers the most likely explanation for this difference?

- A. The organization has understated the amount of inventory in its financial statements
- B. The organization has overstated the cost of purchases in its financial statements.
- C. The organization is holding obsolete or damaged items in its inventory
- D. The organization experienced an unexpectedly large increase in sales shortly before year end.

Answer: C

NEW QUESTION 328

- (Exam Topic 2)

Which of the following types of analytics focuses less on analysis and more on condensing data into mote meaningful pieces of information?

- A. Diagnostic analytics
- B. Descriptive analytics
- C. Prescriptive analytics
- D. Predictive analytics

Answer: C

NEW QUESTION 331

- (Exam Topic 2)

An organization's headquarters is centrally located and the organization runs numerous computer applications in multiple sites. Which of the following would be the most appropriate approach for conducting an audit of the mainframe computer'

- A. Conduct an individual audit of the mainframe general controls and separate application control audits of the individual applications in a phased manner
- B. Conduct a single consolidated audit of both the mainframe general controls and the application controls for all of the applications that use the mainframe
- C. Conduct individual audits of each application and include in each audit the general controls of the mainframe relevant to the individual application
- D. Conduct a series of location-based audits that cover both the general and application IT controls m an systems across the location

Answer: A

NEW QUESTION 334

- (Exam Topic 2)

An investor has acquired an organization that has a dominant position in a mature, slow-growth industry and consistently creates positive financial income Which of the following terms would the investor most likely label this investment in her portfolio?

- A. A star
- B. A cash cow
- C. A Question mark
- D. A dog

Answer: B

NEW QUESTION 338

- (Exam Topic 2)

Which of the following methods is most closely associated to year over year trends?

- A. Horizontal analysis
- B. Vertical analysis
- C. Common-size analysis
- D. Ratio analysis

Answer: A

NEW QUESTION 340

- (Exam Topic 2)

Which of the following is a cybersecurity monitoring activity that involves assessing the strength of an organization's IT protection?

- A. Boundary defense
- B. Malware defense
- C. Penetration tests
- D. Wireless access controls

Answer: A

NEW QUESTION 344

- (Exam Topic 2)

An organization has a complex systems infrastructure consisting of multiple internally developed, off the shelf, and purchased but significantly customized applications. Some of these applications share databases or process data that is used by another stand-alone application, and interfaces have been written to move data between these applications as needed through batch processing Which of the following situations presents the greatest risk exposure given this environment?

- A. Documentation of each system and its interactions, interfaces, and dependencies with other systems and databases is not gathered and maintained.
- B. Batch processing jobs include key financial data that is not posted to the accounting system until the next da
- C. preventing real-time queries.
- D. The job scheduling tool frequently malfunctions, causing scheduled jobs not to ru
- E. An error message is sent to IT personnel when a job fails.
- F. The implementation of a major update for a key application is delayed until any potential interdependencies are identified and analyzed.

Answer: A

NEW QUESTION 347

- (Exam Topic 2)

An internal auditor is using data analytics to locus on high-risk areas during an engagement. The auditor has obtained data and is working to eliminate redundancies in the data. Which of me following statements is true regarding this scenario?

- A. The auditor is normalizing data in preparation for analyzing it
- B. The auditor is analyzing the data in preparation for communicating the results
- C. The auditor is cleaning the data in preparation for determining which processes may be involved
- D. The auditor is reviewing the data prior to defining the question

Answer: A

NEW QUESTION 349

- (Exam Topic 2)

Which of the following statements is true regarding the capital budgeting procedure known as discounted payback period?

- A. It calculates the overall value of a project
- B. It ignores the time value of money
- C. It calculates the time a project takes to break even.
- D. It begins at time zero for the project.

Answer: C

NEW QUESTION 353

- (Exam Topic 2)

Which of the following is a key responsibility of a database administrator?

- A. Troubleshoot end user problems
- B. Provide production support.
- C. Provide physical security of databases
- D. Maintain database integrity

Answer: D

NEW QUESTION 355

- (Exam Topic 2)

A retail organization mistakenly did not include \$10,000 of inventory in the physical count at the end of the year. What was the impact to the organization's financial statements?

- A. Cost of sales and net income are understated
- B. Cost of sales and net income are overstated
- C. Cost of sales is understated and net income is overstated.
- D. Cost of sales is overstated and net income is understated.

Answer: C

NEW QUESTION 360

- (Exam Topic 2)

An organization has instituted a bring-your-own-device (BYOD) work environment. Which of the following policies best addresses the increased risk to the organization's network incurred by this environment?

- A. Limit the use of the employee devices for personal use to mitigate the risk of exposure to organizational data.
- B. Ensure that relevant access to key applications is strictly controlled through an approval and review process
- C. Institute detection and authentication controls for all devices used for network connectivity and data storage
- D. Use management software to scan and then prompt patch reminders when devices connect to the network

Answer: D

NEW QUESTION 361

- (Exam Topic 2)

An internal auditor is evaluating an organization's business continuity management program. According to ISA guidance on IT, which of the following tests would best demonstrate the ability to perform key processes without significant problems?

- A. End-to-end testing
- B. IT systems and application walkthrough
- C. Tabletop or boardroom-style testing
- D. Desk check testing

Answer: A

NEW QUESTION 364

- (Exam Topic 2)

Which of the following is a result of implementing an e-commerce system, which relies heavily on electronic data interchange and electronic funds transfer, for purchasing and billing?

- A. Higher cash flow and treasury balances
- B. Higher inventory balances
- C. Higher accounts receivable
- D. Higher accounts payable

Answer: C

NEW QUESTION 368

- (Exam Topic 2)

A multinational organization has multiple divisions that sell their products internally to other divisions. When selling internally, which of the following transfer prices would lead to the best decisions for the organization?

- A. Full cost
- B. Full cost plus a markup.
- C. Market price of the product
- D. Variable cost plus a markup

Answer: C

NEW QUESTION 369

- (Exam Topic 2)

Which of the following statements is true regarding cost-volume-profit analysis?

- A. Contribution margin is the amount remaining from sales revenue after fixed expenses have been deducted.
- B. Breakeven point is the amount of units sold to cover variable costs.
- C. Breakeven occurs when the contribution margin covers fixed costs
- D. Following breakeven, net operating income will increase by the excess of fixed costs less the variable costs per units sold

Answer: C

NEW QUESTION 372

- (Exam Topic 2)

How do data analysis technologies affect internal audit testing?

- A. They improve the effectiveness of spot check testing techniques
- B. They allow greater insight into high risk areas.
- C. They reduce the overall scope of the audit engagement.
- D. They increase the internal auditor's objectivity

Answer: B

NEW QUESTION 374

- (Exam Topic 2)

New data privacy laws require an organization to use collected customer information for the sole purpose of meeting the organization's business requirements. Which of the following best addresses the risk of the organization not complying with this objective?

- A. Provide training on social engineering attacks
- B. Encrypt the customer information retained by the organization
- C. Establish policies that discipline those who misuse customer information
- D. Allocate access profiles for each end user of the information

Answer: B

NEW QUESTION 377

- (Exam Topic 2)

The critical path for any project is the path that exhibits which of the following characteristics?

- A. Has the longest duration in time.
- B. Costs the most money.
- C. Requires the largest amount of labor
- D. Is deemed most important to the project.

Answer: A

NEW QUESTION 381

- (Exam Topic 2)

Which of the following statements is true regarding the risks associated with the increased use of smart devices at work?

- A. Due to their small size and portability smart devices and their associated data are typically less susceptible to physical loss
- B. The Bluetooth and Wi-Fi features of smart devices enhance the security of data while in transit
- C. The global positioning system (GPS) capability of smart devices could be exploited to plan cyberattacks
- D. When the user fails to perform jailbreaking or rooting, data security and privacy risks are increased

Answer: C

NEW QUESTION 384

- (Exam Topic 2)

According to IIA guidance, which of the following would be the best first step to manage risk when a third party is overseeing the organization's network and data?

- A. Creating a comprehensive reporting system for vendors to demonstrate their ongoing due diligence in network operations
- B. Drafting a strong contract that requires regular vendor control reports and a right-to-audit clause.
- C. Applying administrative privileges to ensure right-to-access controls are appropriate
- D. Creating a standing cybersecurity committee to identify and manage risks related to data security

Answer: B

NEW QUESTION 385

- (Exam Topic 2)

A bank uses customer departmentalization to categorize its departments. Which of the following groups best exemplifies this method of categorization?

- A. Community institutional and agricultural banking.
- B. Mortgages credit cards and savings
- C. South southwest and east.
- D. Teller manager and IT specialist

Answer: A

NEW QUESTION 388

- (Exam Topic 2)

Which of the following is an example of an application control?

- A. Automated password change requirements
- B. System data backup process
- C. User testing of system changes
- D. Formatted data fields

Answer: D

NEW QUESTION 389

- (Exam Topic 2)

Which of the following statements is true regarding an organization's inventory valuation?

- A. The valuation will be incorrect if the inventory includes goods in transit shipped free on board (FOB) destination to another organization
- B. The valuation will be correct if the inventory includes goods received on consignment from another organization
- C. The valuation will be incorrect if the inventory includes goods in transit shipped FOB shipping point from another organization
- D. The valuation will be correct if the inventory includes goods sent on consignment to another organization

Answer: B

NEW QUESTION 392

- (Exam Topic 2)

An internal auditor is reviewing the organization's performance appraisal process. Which of the following methods would be most effective to identify stereotyping?

- A. Use a behaviorally anchored rating scale to Break down jobs into their components.
- B. Analyze and compare the ratings for different classes or groupings of employees.
- C. Compare the ratings of selective employees with their previous appraisals.
- D. Analyze the number and percentages of employee appraisals that fall into each rating category

Answer: C

NEW QUESTION 393

- (Exam Topic 2)

As it relates to the data analytics process, which of the following best describes the purpose of an internal auditor who cleaned and normalized data?

- A. The auditor eliminated duplicate information.
- B. The auditor organized data to minimize useless information.
- C. The auditor made data usable for a specific purpose by ensuring that anomalies were identified and corrected.
- D. The auditor ensured data fields were consistent and that data could be used for a specific purpose.

Answer: C

NEW QUESTION 394

- (Exam Topic 2)

Based on test results an IT auditor concluded that the organization would suffer unacceptable loss of data if there was a disaster at its data center. Which of the following test results would likely lead the auditor to this conclusion?

- A. Requested backup tapes were not returned from the offsite vendor in a timely manner
- B. Returned backup tapes from the offsite vendor contained empty spaces
- C. Critical systems have been Backed up more frequently than required.
- D. Critical system backup tapes are taken off site less frequently than required.

Answer: D

NEW QUESTION 395

- (Exam Topic 2)

Which of the following IT controls includes protection for mainframe computers and workstations?

- A. Change management controls
- B. Physical and environmental controls.

- C. System software controls
- D. Organization and management controls

Answer: C

NEW QUESTION 398

- (Exam Topic 2)

Which of the following is a security feature that involves the use of hardware and software to filter or prevent specific information from moving between the outside network and the outside network?

- A. Authorization
- B. Architecture model
- C. Firewall
- D. Virtual private network

Answer: C

NEW QUESTION 403

- (Exam Topic 2)

Which of the following actions would senior management need to consider as part of new IT guidelines regarding the organization's cybersecurity policies?

- A. Assigning new roles and responsibilities for senior IT management.
- B. Growing use of bring your own devices for organizational matters
- C. Expansion of operations into new markets with unified IT access
- D. Hiring new personnel within the IT department for security purposes

Answer: D

NEW QUESTION 405

- (Exam Topic 2)

Which of the following data analytics tools would be applied by an internal audit activity positioned at the lowest level of maturity?

- A. Workflow and data capture technology
- B. Data visualization applications.
- C. Software integrated with central data warehouse
- D. Spreadsheets.

Answer: D

NEW QUESTION 407

- (Exam Topic 2)

Which of the following is the most effective control to prevent unauthorized entrance of a former employee of the organization?

- A. Revoking the former employee's biometrics from the entrance systems
- B. Installing security guards who have undergone a background check at all entrances.
- C. Installing multiple high-powered surveillance cameras throughout the organization
- D. Keeping doors locked and accessible with a key that is provided only to employees

Answer: A

NEW QUESTION 410

- (Exam Topic 2)

An internal auditor was asked to review an equal equity partnership. In one sampled transaction, Partner A transferred equipment into the partnership with a self-declared value of \$10,000, and Partner B contributed equipment with a self-declared value of \$15,000. The capital accounts of each partner were subsequently credited with \$12,500. Which of the following statements is true regarding this transaction?

- A. The capital accounts of the partners should be increased by the original cost of the contributed equipment.
- B. The capital accounts should be increased using a weighted average based on the current percentage of ownership.
- C. No action is needed as the capital account of each partner was increased by the correct amount.
- D. The capital accounts of the partners should be increased by the fair market value of their contribution.

Answer: C

NEW QUESTION 413

- (Exam Topic 2)

An internal auditor is reviewing results from software development integration testing. What is the purpose of integration testing?

- A. To verify that the application meets stated user requirements.
- B. To verify that standalone programs match code specifications.
- C. To verify that the application would work appropriately for the intended number of users.
- D. To verify that all software and hardware components work together as intended.

Answer: D

NEW QUESTION 417

- (Exam Topic 2)

Which of the following is a primary objective of the theory of constraints?

- A. Full or near capacity in processes.
- B. Smooth workflow among processes.
- C. Few or no defects.
- D. Lowered inventory levels.

Answer: A

NEW QUESTION 419

- (Exam Topic 2)

in which of the following technical infrastructure audits should attention be turned to physical security and environmental controls?

- A. Database review
- B. Data center review
- C. Network configuration review
- D. Operating systems review

Answer: B

NEW QUESTION 424

- (Exam Topic 2)

An organization uses the management-by-objectives method, whereby employee performance is based on defined goals Which of the following statements is true regarding this approach?

- A. It is particularly helpful to management when the organization is facing rapid change
- B. It is a more successful approach when adopted by mechanistic organizations
- C. It is more successful when goal-setting is performed not only by management, but by an team members, including lower-level staff.
- D. It is particularly successful in environments that are prone to having poor employer-employee relations

Answer: C

NEW QUESTION 427

- (Exam Topic 2)

The balanced scorecard approach differs from traditional performance measurement approaches because it adds which of the following measures?

- * 1. Financial measures
- * 2. Internal business process measures.
- * 3. Client satisfaction measures
- * 4. Innovation and learning measures

- A. 1 only.
- B. 2 and 4 only.
- C. 3 and 4 only.
- D. 2, 3, and 4 only

Answer: D

NEW QUESTION 430

- (Exam Topic 2)

An organization's account for office supplies on hand had a balance of \$9,000 at the end of year one. During year two. the organization recorded an expense of \$45,000 for purchasing office supplies. At the end of year two. a physical count determined that the organization has \$11,500 in office supplies on hand. Based on this information, what would be recorded in the adjusting entry at the end of year two?

- A. A debit to office supplies on hand for \$2,500
- B. A debit to office supplies on hand for \$11,500
- C. A debit to office supplies on hand for \$20,500
- D. A debit to office supplies on hand for \$42,500

Answer: A

NEW QUESTION 432

- (Exam Topic 2)

Operational management in the IT department has introduced performance evaluation policies that are linked to employees achieving continuing education hours. This activity is designed to prevent which of the following conditions?

- A. Knowledge/skills gap
- B. Monitoring gap
- C. Accountability/reward failure.
- D. Communication failure.

Answer: A

NEW QUESTION 435

- (Exam Topic 2)

Which of the following factors is most responsible for the increasing risk that unauthorized parties may obtain or tamper with personal data?

- A. The lack of legal and industry frameworks on privacy.
- B. The absence of generally accepted privacy principles.
- C. The rapid growth and evolution of technology.
- D. The legislated need to retain sensitive personal information.

Answer: C

NEW QUESTION 438

- (Exam Topic 2)

According to IIA guidance, which of the following best describes the activities that occur during the conversion phase of an IT project?

- A. Conversion of user requirements into system specifications
- B. Conversion of user requirements into program codes
- C. Conversion of test data into production data
- D. Conversion of data from the old system into the new system

Answer: D

NEW QUESTION 442

- (Exam Topic 2)

Which of the following would be a risk in the development of end-user computing (EUC) applications, compared to traditional information systems?

- A. Management might place the same degree of reliance in reports produced by EUC applications as it does in reports produced under traditional systems development procedures .
- B. The organization may incur higher application development and maintenance costs for EUC systems.
- C. Since development time is typically longer for EUC applications, management may not be able to respond quickly to competitive pressures
- D. Management may not be able to make quick and accurate decisions due to a diminished capacity to respond to managerial requests for computerized information

Answer: A

NEW QUESTION 446

- (Exam Topic 2)

Which of the following IT operational areas is responsible for the integrity of data flow within an organization?

- A. Network
- B. Database
- C. Operating system
- D. Server

Answer: A

NEW QUESTION 447

- (Exam Topic 2)

An organization is experiencing a high turnover. Which of the following can human resources deploy to effectively detect the root cause of turnover?

- A. Require regular performance appraisals
- B. Perform exit interviews
- C. Encourage periodic rotation of employee duties.
- D. Ensure mandatory vacations

Answer: B

NEW QUESTION 449

- (Exam Topic 2)

According to IIA guidance, which of the following is the correct order to conduct a business impact analysis (BIA) for the potential loss of an organization's network services"

- * 1. identify resources and partners to provide required recovery services
- * 2. Identify the business processes supporting the network functionality
- * 3. Obtain approval of the BIA from the operating managers relative to their areas of responsibility
- * 4. Identify the business impact if the network services cannot be performed

- A. 1, 2, 3, 4
- B. 2, 1, 4, 3
- C. 2, 4, 1, 3
- D. 4, 2, 1, 3

Answer: B

NEW QUESTION 450

- (Exam Topic 2)

With regard to disaster recovery planning, which of the following would most likely involve stakeholders from several departments?

- A. Determining the frequency with which backups will be performed.
- B. Prioritizing the order in which business systems would be restored.
- C. Assigning who in the IT department would be involved in the recovery procedures.
- D. Assessing the resources needed to meet the data recovery objectives

Answer: B

NEW QUESTION 455

- (Exam Topic 2)

During an audit of the organization's annual financial statements, the internal auditor notes that the current cost of goods sold percentage is substantially higher than in prior years. Which of the following is the most likely explanation for this increase?

- A. Cost of raw material inventory items is decreasing.
- B. Process to manufacture goods is more efficient.
- C. Labor productivity to produce goods is increasing.
- D. Write-off of inventory is increasing.

Answer: A

NEW QUESTION 458

- (Exam Topic 2)

Which of the following is an example of a physical security control that should be in place at an organization's data center?

- A. Backup servers in the data center are stored in an environmentally controlled location
- B. All users have a unique ID and password to access data
- C. Swipe cards are used to access the data center
- D. Firewalls and antivirus protection are in place to prevent unauthorized access to data.

Answer: C

NEW QUESTION 460

- (Exam Topic 2)

Organization X owns a 38 percent equity stake in Organization Y. Which of the following statements is true regarding the financial treatment for this relationship?

- A. Y should be listed as an investment asset on X's balance sheet
- B. X must consolidate the financial statements for both organizations
- C. Y should be reported as a footnote to X's financial statements
- D. Y should not be reported by X as X does not have a controlling interest

Answer: A

NEW QUESTION 465

- (Exam Topic 2)

Which of the following statements is true regarding an organization's servers?

- A. Servers optimize data processing by sharing it with other computers on the information system
- B. Servers manage the interconnectivity of system hardware devices in the information system.
- C. Servers manage the data stored in databases residing on the information system.
- D. Servers enforce access controls between networks transmitting data on the information system

Answer: B

NEW QUESTION 467

- (Exam Topic 2)

According to MA guidance on IT, which of the following would be considered a primary control for a spreadsheet to help ensure accurate financial reporting?

- A. Formulas and static data are locked or protected.
- B. The spreadsheet is stored on a network server that is backed up daily.
- C. The purpose and use of the spreadsheet are documented.
- D. Check-in and check-out software is used to control versions.

Answer: A

NEW QUESTION 468

- (Exam Topic 2)

An internal auditor has been approved to gather data directly from the organization's relational database management system for data analysis. To collect the data, which of the following is most important for the auditor to know?

- A. Structured query language
- B. Spreadsheet software such as Excel
- C. Data management system such as Oracle
- D. Basic web development

Answer: A

NEW QUESTION 470

- (Exam Topic 2)

What is the most significant potential problem introduced by just-in-time inventory systems?

- A. They require significant computer resources.

- B. They are susceptible to supply-chain disruptions.
- C. They require complicated materials-supply contracts.
- D. They prevent manufacturers from scaling up or down to meet changing demands.

Answer: B

NEW QUESTION 471

- (Exam Topic 2)

Which of the following application controls checks the integrity of data entered into a business application?

- A. Input controls.
- B. Output controls
- C. Processing controls
- D. Integrity controls

Answer: A

NEW QUESTION 473

- (Exam Topic 2)

Which of the following is improved by the use of smart devices?

- A. Version control
- B. Privacy
- C. Portability
- D. Secure authentication

Answer: C

NEW QUESTION 476

- (Exam Topic 2)

Which of the following authentication controls combines what a user knows with the unique characteristics of the user respectively?

- A. Voice recognition and token.
- B. Password and fingerprint.
- C. Fingerprint and voice recognition
- D. Password and token

Answer: B

NEW QUESTION 478

- (Exam Topic 2)

Which of the following options correctly defines a transmission control protocol/Internet protocol (TCP/IP)?

- A. System software that acts as an interface between a user and a computer.
- B. A standardized set of guidelines that facilitates communication between computers on different networks.
- C. System software that translates hypertext markup language to allow users to view a remote webpage.
- D. A network of servers used to control a variety of mission-critical operations.

Answer: B

NEW QUESTION 481

- (Exam Topic 2)

According to IIA guidance, which of the following statements is true regarding analytical procedures?

- A. Data relationships are assumed to exist and to continue where no known conflicting conditions exist.
- B. Analytical procedures are intended primarily to ensure the accuracy of the information being examined.
- C. Data relationships cannot include comparisons between operational and statistical data
- D. Analytical procedures can be used to identify unexpected differences but cannot be used to identify the absence of differences

Answer: A

NEW QUESTION 486

- (Exam Topic 2)

Which of the following statements is most accurate with respect to various forms, elements, and characteristics of business contracts?

- A. A contract is a tool used by both suppliers and customers, the model and complexity of which generally remains constant
- B. Collaboration during contract negotiation encourages stakeholders to develop consensus but typically increases cycle times and the likelihood that the contract will fail
- C. Differing legal requirements affect the attitudes of contracting parties as well as the length content and language of contracts
- D. A contract is a tool used by both suppliers and customers though it offers commercial assurance of the relationship, purely from a customer perspective

Answer: C

NEW QUESTION 489

- (Exam Topic 2)

Which of the following is the best example of a compliance risk that is likely to arise when adopting a bring-your-own-device (BYOD) policy?

- A. The risk that users try to bypass controls and do not install required software updates.
- B. The risk that smart devices can be lost or stolen due to their mobile nature.
- C. The risk that an organization intrusively monitors personal information stored on smart devices.
- D. The risk that proprietary information is not deleted from the device when an employee leaves.

Answer: C

NEW QUESTION 493

- (Exam Topic 2)

An internal auditor is assessing the risks related to an organization's mobile device policy. She notes that the organization allows third parties (vendors and visitors) to use outside smart devices to access its proprietary networks and systems. Which of the following types of smart device risks should the internal auditor be most concerned about?

- A. Compliance
- B. Privacy
- C. Strategic
- D. Physical security.

Answer: A

NEW QUESTION 495

- (Exam Topic 2)

Which of the following describes the most appropriate set of tests for auditing a workstation's logical access controls?

- A. Review the list of people with access badges to the room containing the workstation and a log of those who accessed the room.
- B. Review the password length, frequency of change, and list of users for the workstation's login process.
- C. Review the list of people who attempted to access the workstation and failed, as well as error messages.
- D. Review the passwords of those who attempted unsuccessfully to access the workstation and the log of their activity.

Answer: A

NEW QUESTION 496

- (Exam Topic 2)

Which of the following is most important for an internal auditor to check with regard to the database version?

- A. Verify whether the organization uses the most recent database software version.
- B. Verify whether the database software version is supported by the vendor.
- C. Verify whether the database software version has been recently upgraded.
- D. Verify whether access to database version information is appropriately restricted.

Answer: B

NEW QUESTION 501

- (Exam Topic 2)

Which of the following IT-related activities is most commonly performed by the second line of defense?

- A. Block unauthorized traffic.
- B. Encrypt data.
- C. Review disaster recovery test results.
- D. Provide independent assessment of IT security.

Answer: C

NEW QUESTION 506

- (Exam Topic 2)

Which of the following is a characteristic of using a hierarchical control structure?

- A. Less use of policies and procedures
- B. Less organizational commitment by employees
- C. Less emphasis on extrinsic rewards
- D. Less employees turnover

Answer: B

NEW QUESTION 508

- (Exam Topic 2)

Which of the following risks would involve individuals attacking an oil company's IT system as a sign of solidarity against drilling in a focal area?

- A. Tampering
- B. Hacking
- C. Phishing
- D. Piracy

Answer: B

NEW QUESTION 512

- (Exam Topic 2)

The leadership of an organization encourages employees to form voluntary problem-solving groups whereby several employees from the same work area meet regularly during work hours to discuss improvements and creative ways to reduce costs. Which of the following best describes this approach?

- A. Open-book management
- B. Quality control circles
- C. Self-managed teams
- D. Cross-functional teams

Answer: C

NEW QUESTION 514

- (Exam Topic 2)

Which of the following are the most common characteristics of big data?

- A. Visibility, validity, vulnerability
- B. Velocity, variety volume.
- C. Complexity completeness constancy
- D. Continuity, control convenience

Answer: B

NEW QUESTION 516

- (Exam Topic 2)

Which of the following is a key component of an organization's cybersecurity governance?

- A. Administrators monitoring the use, assignment and configuration of privileges on the network.
- B. The IT department establishing^ implementing, and actively managing security configurations.
- C. Management identifying and classifying the types of critical data in the organization's system
- D. Senior management of the organization setting the cybersecurity policy

Answer: D

NEW QUESTION 520

- (Exam Topic 2)

Which of the following examples demonstrates that the internal audit activity uses descriptive analytics in its engagements?

- A. An internal auditor analyzed electricity production and sales interim reports and compiled a risk assessment.
- B. An internal auditor extracted sales data to a spreadsheet and applied judgmental analysis for sampling.
- C. An internal auditor classified solar panel sales by region and discovered unsuccessful sales representatives.
- D. An internal auditor broke down a complex process into smaller pieces to make it more understandable.

Answer: A

NEW QUESTION 524

- (Exam Topic 2)

Which of the following best describes the purpose of disaster recovery planning?

- A. To reconstitute systems efficiently following a disruptive event.
- B. To define rules on how devices within the system should communicate after a disaster.
- C. To describe how data should move from one system to another system in case of an emergency.
- D. To establish a protected area of network that is accessible to the public after a disaster

Answer: A

NEW QUESTION 528

- (Exam Topic 2)

Which of the following budgets serves as a basis for the budgeted income statement?

- A. All financial budgets
- B. All operating budgets
- C. Only the cash budget and budgeted balance sheet
- D. Only the sales and production budgets

Answer: B

NEW QUESTION 530

- (Exam Topic 2)

Which of the following data security policies is most likely to be the result of a data privacy law?

- A. Access to personally identifiable information is limited to those who need it to perform their job.
- B. Confidential data must be backed up and recoverable within a 24-hour period.
- C. Updates to systems containing sensitive data must be approved before being moved to production.
- D. A record of employees with access to insider information must be maintained and those employees may not trade company stock during blackout periods

Answer:

A

NEW QUESTION 531

- (Exam Topic 2)

Which of the following statements is true regarding the "management-by-objectives" method?

- A. Management by objectives is most helpful in organizations that have rapid changes.
- B. Management by objectives is most helpful in mechanistic organizations with rigidly defined tasks.
- C. Management by objectives helps organizations to keep employees motivated.
- D. Management by objectives helps organizations to distinguish clearly strategic goals from operational goals

Answer: C

NEW QUESTION 535

- (Exam Topic 2)

An internal auditor observed that the organization's disaster recovery solution will make use of a code site in a town several miles away. Which of the following is likely to be a characteristic of this disaster recovery solution?

- A. Data is synchronized in real time
- B. Recovery time is expected to be less than one week
- C. Servers are not available and need to be procured
- D. Recovery resources and data restore processes have not been defined

Answer: C

NEW QUESTION 540

- (Exam Topic 2)

Which of the following is an example of a phishing attack?

- A. An employee receives an email that appears to be from the organization's bank, though it is not.
- B. The employee replies to the email and sends the requested confidential information.
- C. An organization's website has been hacked.
- D. The hacker added political content that is not consistent with the organization's views.
- E. An organization's systems have been compromised by malicious software.
- F. The software locks the organization's operating system until a ransom is paid.
- G. An organization's communication systems have been intercepted.
- H. A communication session is controlled by an unauthorized third party.

Answer: A

NEW QUESTION 544

- (Exam Topic 2)

In which of the following scenarios would transfer pricing be used?

- A. Company A owns Company B; Company B sells goods to Company A.
- B. Company A does not own Company B.
- C. Company A charges Company B a fee to sell Company B's goods without taking ownership of the goods.
- D. Company A owns both Company B and Company C; all three companies sell goods to the public.
- E. Company A moves goods internally from one location to another.

Answer: A

NEW QUESTION 545

- (Exam Topic 2)

Which of the following bring-your-own-device (BYOD) practices is likely to increase the risk of infringement on local regulations such as copyright or privacy laws?

- A. Not installing anti-malware software
- B. Updating operating software in a haphazard manner
- C. Applying a weak password for access to a mobile device
- D. Jailbreaking a locked smart device.

Answer: D

NEW QUESTION 546

- (Exam Topic 2)

During which phase of the contracting process are contracts drafted for a proposed business activity?

- A. Initiation phase
- B. Bidding phase
- C. Development phase
- D. Management phase

Answer: A

NEW QUESTION 547

- (Exam Topic 2)

The mobility of personal smart devices significantly increases which of the following risks?

- A. Data integrity risks
- B. Compliance risks.
- C. Physical security risks
- D. Privacy risks

Answer: C

NEW QUESTION 549

- (Exam Topic 2)

Which of the following statements is true regarding a bring-your-own-device (BYOD) environment?

- A. There is a greater need for organizations to rely on users to comply with policies and procedures.
- B. With fewer devices owned by the organization, there is reduced need to maintain documented policies and procedures.
- C. Incident response times are less critical in the BYOD environment
- D. compared to a traditional environment
- E. There is greater sharing of operational risk in a BYOD environment.

Answer: A

NEW QUESTION 551

- (Exam Topic 2)

Which of the following recognized competitive strategies focuses on gaining efficiencies?

- A. Focus
- B. Cost leadership
- C. Innovation
- D. Differentiation

Answer: B

NEW QUESTION 553

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